

## 2002 Session Wrap-Up

In a mere 60 days, Senate majority Democrats and the Democratic majority in the House did what everyone said couldn't be done: We passed an operating budget without a general tax increase *and* a statewide transportation package.

We came to Olympia in January to tackle one of the biggest budget deficits in nearly two decades. And then it got worse. By mid-February the state budget shortfall had grown to \$1.5 billion.

But we managed to approve a balanced budget that calls for cuts and savings – instead of new taxes – to fill about half of the shortfall. The other half of the hole is filled with reserve funds, new revenue and tobacco “securitization.”

Admittedly, this is not a perfect budget. It does not deal with our fundamental problem: The state's unstable revenue sources (primarily sales tax) do not generate enough money to support critical state services. But there simply was not enough support in either the Senate or the House of Representatives to raise taxes. And we were unwilling to make further cuts to workers and services.

### *Getting Washington Moving*

We made significant progress in breaking the traffic choke hold on Puget Sound, although not as much as the Senate would have liked. The Senate wanted to approve the \$7.7 billion package here in Olympia so that long overdue highway construction projects could get under way as soon as possible. The House, however, insisted upon leaving the decision up to voters.

On the November ballot will be a proposal to raise the state gas tax by 9 cents, phased in over two years; a 30 percent increase in gross weight fees for commercial trucks, also phased in over two years; and a 1 percent increase in the vehicle sales tax.

Almost half of the money raised would go to major road projects and high-occupancy vehicle lanes in central Puget Sound because traffic there is affecting the entire state's economy.

While passage of the state's first comprehensive transportation funding package in a decade drew most of the attention, the Legislature also approved a package of measures designed to make the Department of Transportation more accountable and efficient. These include directing the agency to use a cost-benefit analysis when considering where to make transportation improvements, giving funding priority to the state's worst traffic jams, and allowing for a study of the prevailing wage system.

### *Helping Business and Workers*

The Boeing Co.'s decision a year ago to move its corporate headquarters to Chicago prompted some concern that Washington might be losing its competitive edge. To preserve Washington's status as a business-friendly state, we approved legislation making the unemployment-tax system more fair. One long-term problem with the unemployment insurance system is that most employers pay far more in taxes than their employees receive in benefits. The bill we passed attacks this “tax inequity” by lowering taxes for 90 percent of Washington businesses.

In addition, the bill grants \$34 million for education and retraining for laid-off workers, primarily the 30,000 out-of-work aerospace workers who are looking for new jobs.

We also made sure that victims of domestic violence will be able to receive unemployment benefits if they are forced to quit their jobs out of fear of being abused on the job by a partner.

Finally, we gave state employees the right to bargain collectively for wages and benefits. Currently the Legislature determines pay raises and benefits for state workers. Under the new law, workers will be able to negotiate most of their pay and benefits with the governor. In exchange, the employees' union agreed to allow more work and services to be "contracted out" to private employers and reform the state's civil service system.

### *Prescription Drug Bill Shot Down*

The biggest disappointment this session was the failure of legislation designed to control the runaway cost of prescription drugs. The Senate had strong, bipartisan support for a bill that would have created a preferred drug list – reducing the cost of state-purchased prescription drugs by creating incentives for doctors to prescribe the most cost-effective medicines. Discounts negotiated by the state would have been passed on to residents.

Concerns about the effect of a preferred drug list on minorities and on the state's growing biotechnology industry killed the measure in the House.

### *Looking Ahead*

While we made significant progress on a number of vital issues this session, we know we will have a lot of work to do come January – particularly in the area of the budget. For instance, the budget shortfall of \$1.5 billion that we managed to fill this session for the current (2001-03) biennium may be as high as \$1 billion for the next (2003-05) biennium.

Be that as it may, we have a great deal to be proud of. The following is a summary of our hard work this session.